

Message Text

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C O N F I D E N T I A L TAIPEI 04210

EXDIS

E.O. 11652: GDS
TAGS: PEPR, EAID, TW
SUBJECT: SAFED AGREEMENT

REF: TAIPEI 4176

1. IT IS OBVIOUS THAT GROC IS STALLING ON SAFED ISSUE. EMBASSY'S NOTE OF MAY 2 SIMPLY REQUESTED MEETING WITH GROC TO REVIEW ARRANGEMENTS CONTAINED IN SAFED AGREEMENT YET IT TOOK GROC SIX WEEKS TO RESPOND TO THAT REQUEST. AND EVEN AFTER AFFIRMATIVE RESPONSE WAS RECEIVED FROM MINISTRY OF FOREIGN AFFAIRS ON JUNE 16 IT TOOK ANOTHER TWO WEEKS TO ARRANGE A TIME CONVENIENT FOR GROC. AT JUNE 30 MEETING BETWEEN ADCM AND GROC DELEGATION HEADED BY WANG MENG-HSIEN, LATTER CLEARLY WAS UNDER INSTRUCTIONS TO IMPRESS UPON US THE GROC POSITION THAT USG CANNOT ARBITRARILY WITHDRAW FROM A BILATERAL AGREEMENT BEFORE ITS EXPIRY MERELY BECAUSE IT WISHES TO DO SO AND WITHOUT TAKING INTO CONSIDERATION THE VIEWS OF THE OTHER PARTY TO THE AGREEMENT.

2. IN OTHER RECENT ACTIONS USG HAS TAKEN TO REDUCE U.S. PRESENCE IN TAIWAN, E.G., CLOSING OF ICA BRANCHES IN TAINAN AND TAICHUNG, WITHDRAWAL OF SUPPORT FROM "STUDENT REVIEW," CLOSING OF CUSTOMS (AND DEA?) OFFICE AND FURTHER
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DRAWDOWN OF MILITARY PERSONNEL, GROC COULD DO NO MORE THAN GRUMBLE SINCE THOSE ACTIVITIES WERE NOT SUBJECT TO A BILATERAL AGREEMENT. SIMILARLY, CLOSING OF DEA OFFICE AND CAAG CANNOT BE OBJECTED TO ON BASIS USG WOULD BE VIOLATING A BILATERAL AGREEMENT, ALTHOUGH IN CASE OF LATTER STRONG OBJECTIONS PROBABLY WOULD BE RAISED WERE WE TO TERMINATE CAAG BEFORE CURRENT AGREEMENT EXPIRES

ON SEPTEMBER 30, 1978.

3. IN EMBASSY'S OPINION, GROC IS MAKING AN ISSUE OF SAFED AGREEMENT FOR TWO REASONS, ONE ON PRINCIPLE AND THE SECOND PRACTICAL. ONE, THIS IS FIRST BILATERAL AGREEMENT FROM WHICH USG IS WITHDRAWING. LOOKING AHEAD TO THE POSSIBLE ACTIONS RELATED TO NORMALIZATION, GROC FEELS THAT IT MUST MAKE KNOWN ITS POSITION NOW THAT IT STRONGLY OPPOSES UNILATERAL USG ACTION TO TERMINATE SUCH AGREEMENTS. SECOND, WHILE GROC REALIZES THAT IF WE WISH TO WITHDRAW FROM SAFED, THERE IS NOTHING IT CAN DO TO PREVENT IT, IT HOPES TO DELAY THAT WITHDRAWAL AS LONG AS POSSIBLE WHILE IT ESTABLISHES INTERNAL MACHINERY TO MANAGE SAFED ACCOUNT AND PERSONNEL PAID FROM THAT ACCOUNT AFTER AGREEMENT IS TERMINATED.

4. AS MENTIONED IN REFTTEL, ADCM DID NOT COMMENT AT JUNE 30 MEETING ON WANG'S STATEMENT THAT USG COULD NOT WITHDRAW FROM AGREEMENT. ADCM DID STATE, HOWEVER, THAT IT WAS UP TO GROC TO DECIDE HOW IT WISHES TO HANDLE SAFED ACCOUNT IN THE FUTURE. NO MENTION WAS MADE OF DELAYING WITHDRAWAL UNTIL DECEMBER 31, 1978.

5. IF DEPARTMENT CONSIDERS THAT WE ARE IN A POSITION TO REJECT GROC STAND THAT AGREEMENT CANNOT BE UNILATERALLY TERMINATED, WE ARE LEFT WITH ISSUE OF CONFIDENTIAL

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TIMING. EVEN IF WE OFFER TO DELAY WITHDRAWAL UNTIL DECEMBER 31, 1978, GROC UNDOUBTEDLY WILL PLEAD IT NEEDS MORE TIME TO MAKE INTERNAL ARRANGEMENTS FOR HANDLING SAFED ACCOUNT AND PERSONNEL. THE PROBLEM IS THAT THE EMBASSY IS NOT IN A POSITION TO DETERMINE THE VALIDITY OF SUCH A PLEA, PARTICULARLY SINCE THE GROC IS INTERESTED IN PROLONGING THE LIFE OF THE AGREEMENT. AT THIS POINT, IT IS SUGGESTED THAT WHEN ADCM AND WANG MEET AGAIN, ADCM STATE THAT USG WOULD BE WILLING TO DEFER WITHDRAWAL FROM AGREEMENT UNTIL DECEMBER 31, 1978, IF SUCH A DEFERRAL WOULD BE USEFUL TO GROC, AND AWAIT WANG'S REACTION TO THAT STATEMENT. UNGER

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